

# ***Headquarters U.S. Air Force***

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***Integrity - Service - Excellence***

## **Air Force Integrated e-Acquisition System**



**Operational  
Architecture**

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**SAF/AQCK  
April 2001**



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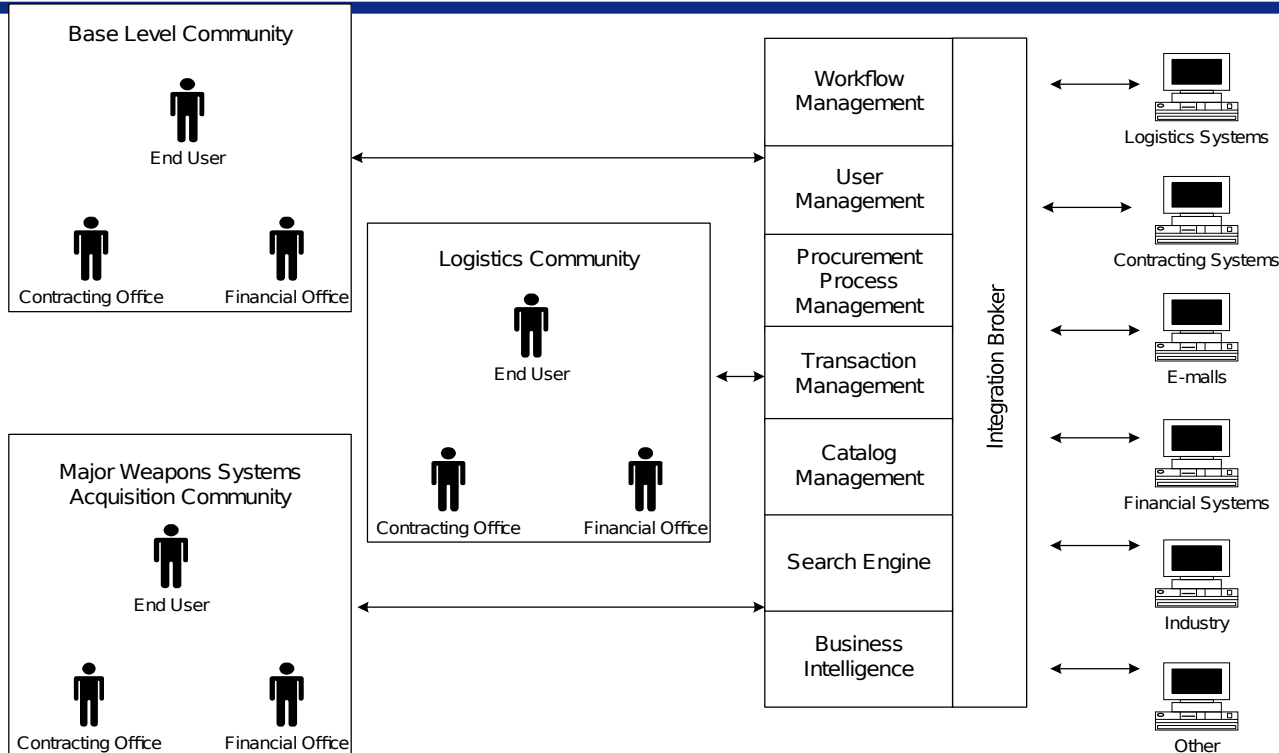
# ***Background***

- **History - Driven by the Revolution in Business Affairs, the Air Force desires to leverage current automated EB/EC systems to fully optimize the acquisition process**
- **Challenge - Lack of system and process integration impedes further significant savings and efficiency enhancements**
  - **Does not allow Air Force to take advantage of new e-commerce tools within the commercial business environment (e.g. e-malls, reverse auction, industry exchanges)**
- **Solution - Develop a vision for an enterprise-wide architecture that supports Air Force long range operational, systems and technical goals for seamless acquisition**



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# ***End-State Vision***



- **Provide single place to access acquisition related tools and information**
- **Provide ability to search fulfillment sources (organic/non-organic) across DoD/Air Force**
- **Provide ability to share and leverage acquisition information across the Air Force**



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# ***End-State Vision (Con't)***

## **Benefits**

- Utilizes enterprise portal concepts and technologies to integrate systems and provide a “one stop” experience for user
- Increases standardization
- Creates a data warehouse of strategic purchasing information
- Positions Air Force to improve buying power vis-à-vis contractors/vendors
- Process Improvements
  - Aggregated volume buying
  - Elimination of “Maverick” buying
  - Optimize Industry Exchange potential



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# ***End-State Vision (Con't)***

## **Benefits**

- Moves purchasing function away from transaction processing toward self-service procurement and frees resources for value-added business advice
- Encourages cross-organization visibility of requirements to improve strategies
- Saves \$\$ !!!
  - Interest Charges
  - Paper processing fees
  - Unmatched disbursements

### **Four Areas of Procurement Savings**

Aggregation volume buying-consolidation of vendors & contracts **7%**

Contract leakage reduction-enforcement of available contracts **7%**

Process improvement-self service procurement **3%**

Infrastructure support-Internet computing architecture **3%**

Oracle Strategic Procurement, February 1999



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# ***Business Case for e-Procurement***

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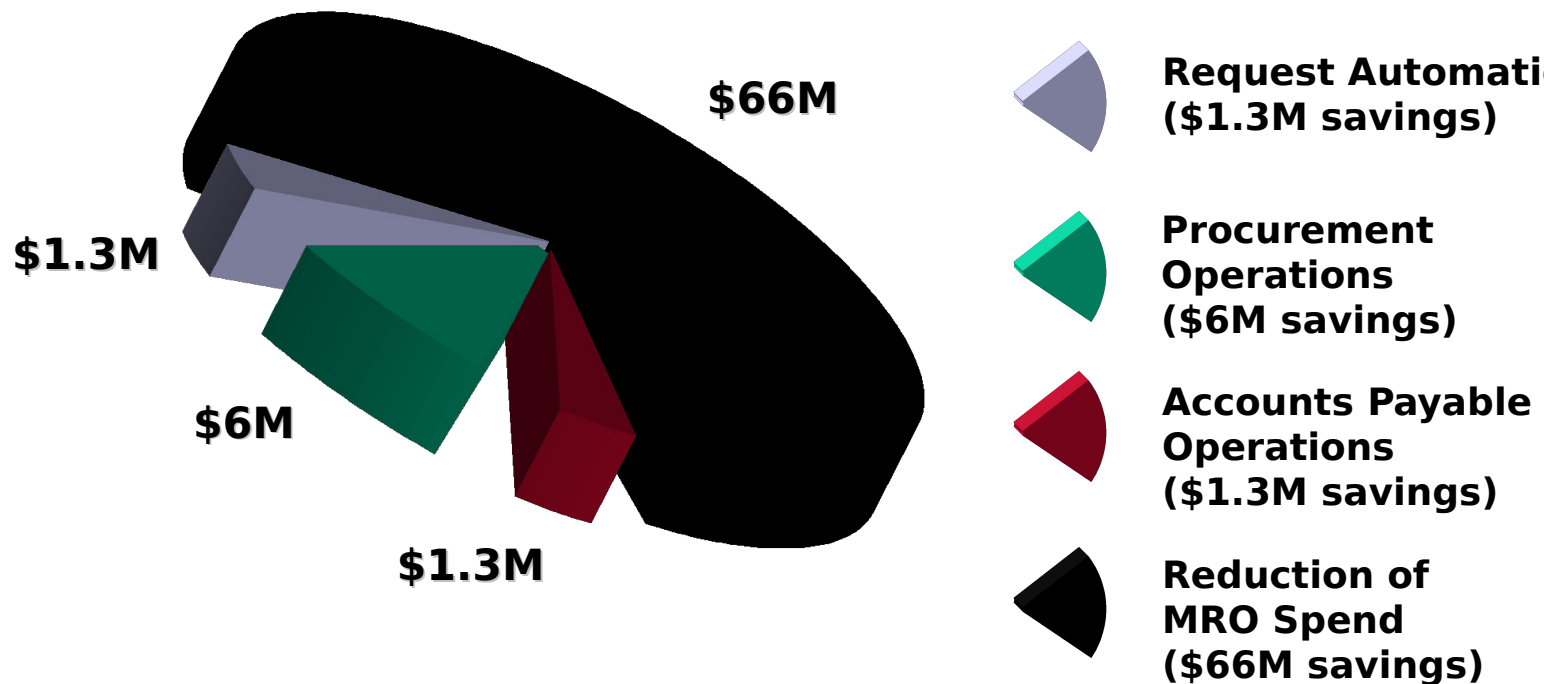
- **MRO spending offers large benefit opportunities:**
  - **MRO spending accounts for 30% to 60% of a company's total spend**
  - **Nearly 1/3 of MRO purchases are made outside of the formal purchasing process, incurring 15% to 27% higher costs on average (NAPM)**
- **Existing MRO purchasing processes are inefficient, straining resources:**
  - **MRO accounts for 80+% of purchasing transactions**
  - **Cost in time and paperwork to create a purchase order is \$70 to \$300 (Gartner Group)**
  - **Overhead to procure a \$5 item is the same as for a \$4,000 item**
  - **35% of purchasing manager's time is spent on routine paperwork**
  - **Redundant data entry and processes further tie up limited purchasing resources**
  - **Weak integration of purchasing and accounts payable processes and systems**



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# ROI is a Critical Component

**Projected Cost Savings for an Organization with \$1B of MRO Spend.**



Source: Benchmarking Partners Research of Ariba Customers and MRO Market

**Total Annual Recurring Cost Savings = \$74.6M**

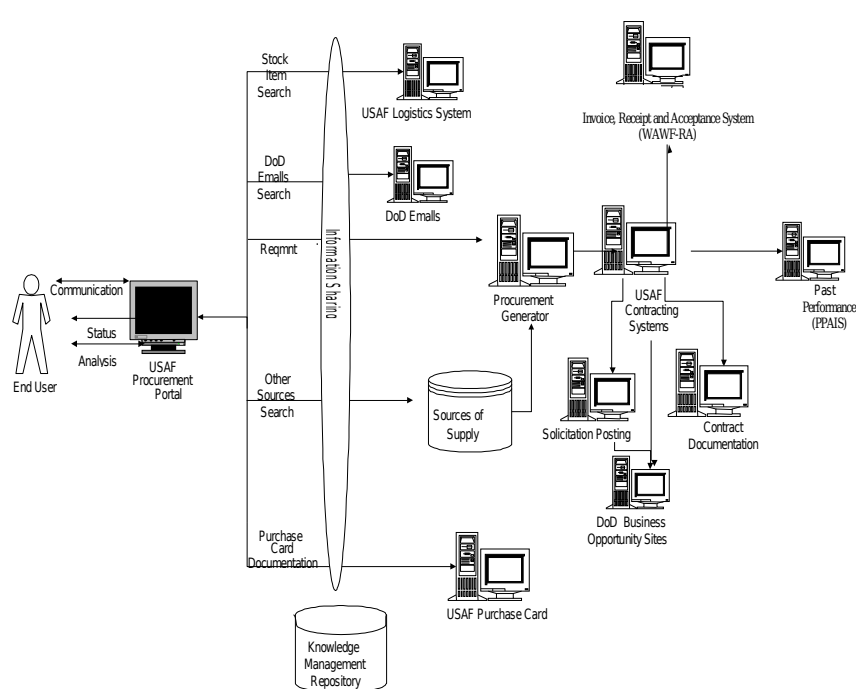




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# End-State Vision (Con't)

## Operational View

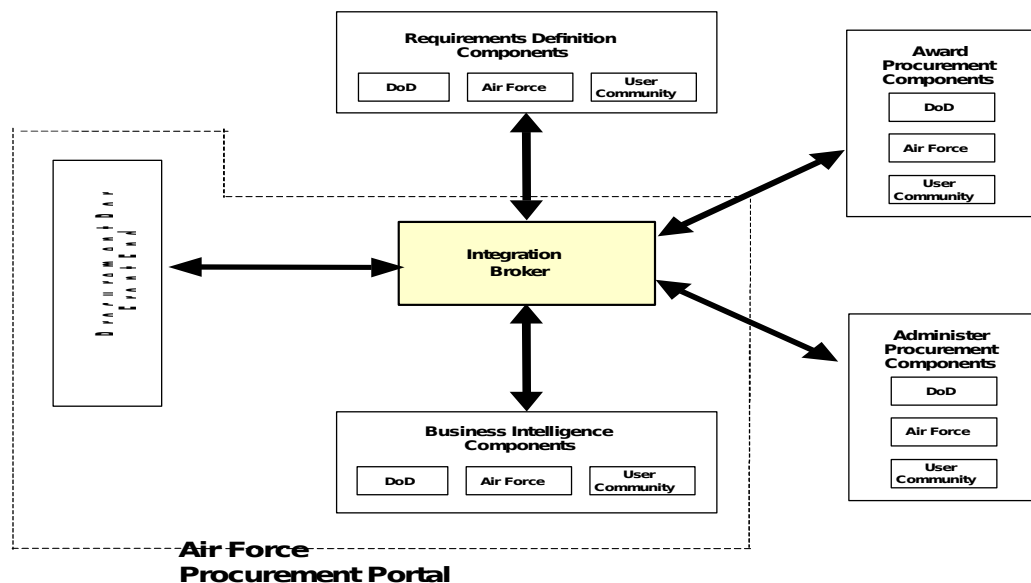


- Presents single face to user
- Supports DoD End-to End Procurement process
- Provides access to USAF controlled sources of supply
- Monitors status of procurement
- Captures Business Intelligence



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# End-State Vision (Con't)



## Systems View

- Integrates existing/planned procurement systems
- Establishes an Air Force Procurement Portal to handle:
  - Front-end (security, workflow management, transaction management, procurement source search)
  - Integration Broker (Application and Data Integration)
  - Business Intelligence (Data Warehousing, Strategic Procurement Information)

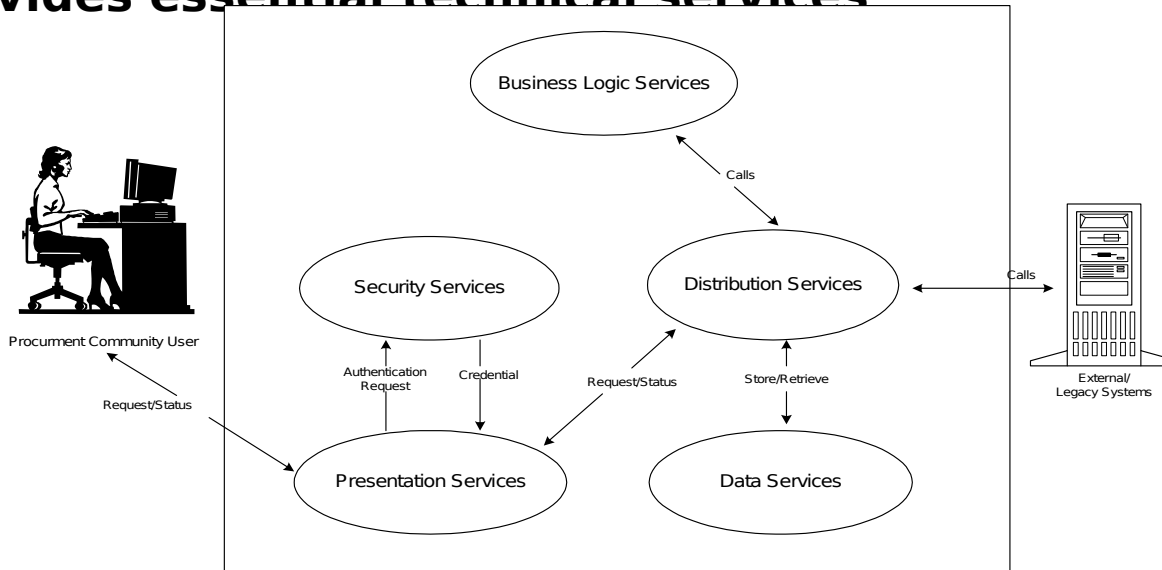


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# End-State Vision (Con't)

## Technical View

- Utilizes existing/emerging commercial technologies to create composite application
- Relies on open and modular architecture which allows use of “Best of Breed” technologies and existing Air Force Applications
- Provides essential technical services





# ***E-Procurement: Customer View***

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**Functions  
Exposed**

**On-Line  
Order  
Status**

**Secure  
On-Line  
Ordering**

**Stock  
Inventory  
Availabi  
ty**

**Search By  
NSN, P/N,  
Descriptio  
n**

**Final Vision**

**Credit  
Card or  
MILSTRIP**

**Point, Click  
and Deliver or  
Ship**

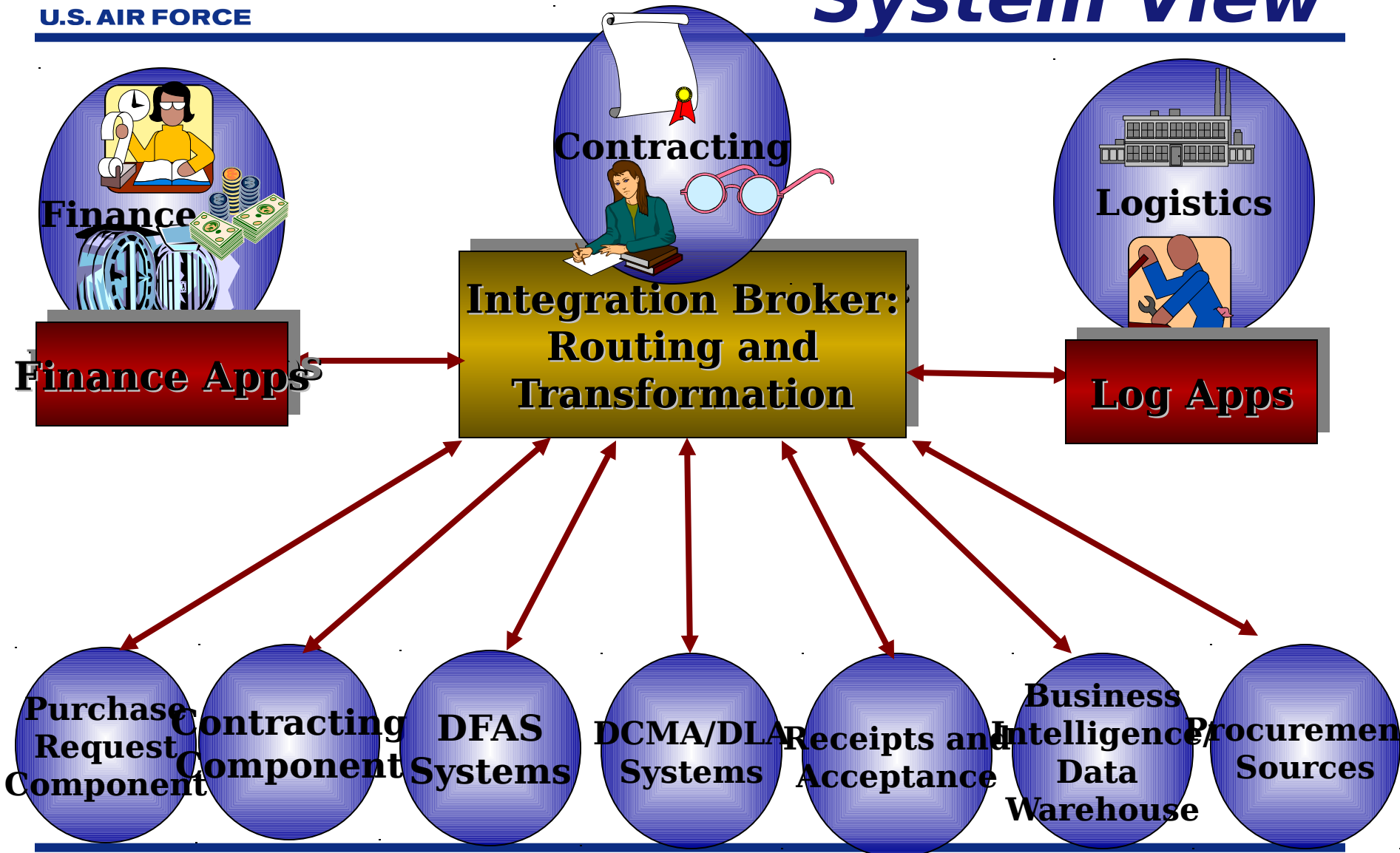
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# Operational Architecture - System View



As of:

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# ***Migration Strategy***

- **High Level Tasks**
- **Develop the Procurement Portal**
  - **Refine Requirements**
  - **Identify Technologies**
  - **Design, Develop, Test**
- **Develop Application Integration**
  - **Complete Application Portfolio Assessment**
  - **Identify Technologies**
  - **Design/Develop/Test System Interfaces**
- **Architecture Fielding**
  - **Systems Deployment**
  - **Training**
  - **Change Management**



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# ***Migration Strategy (Con't)***

## **Phases**

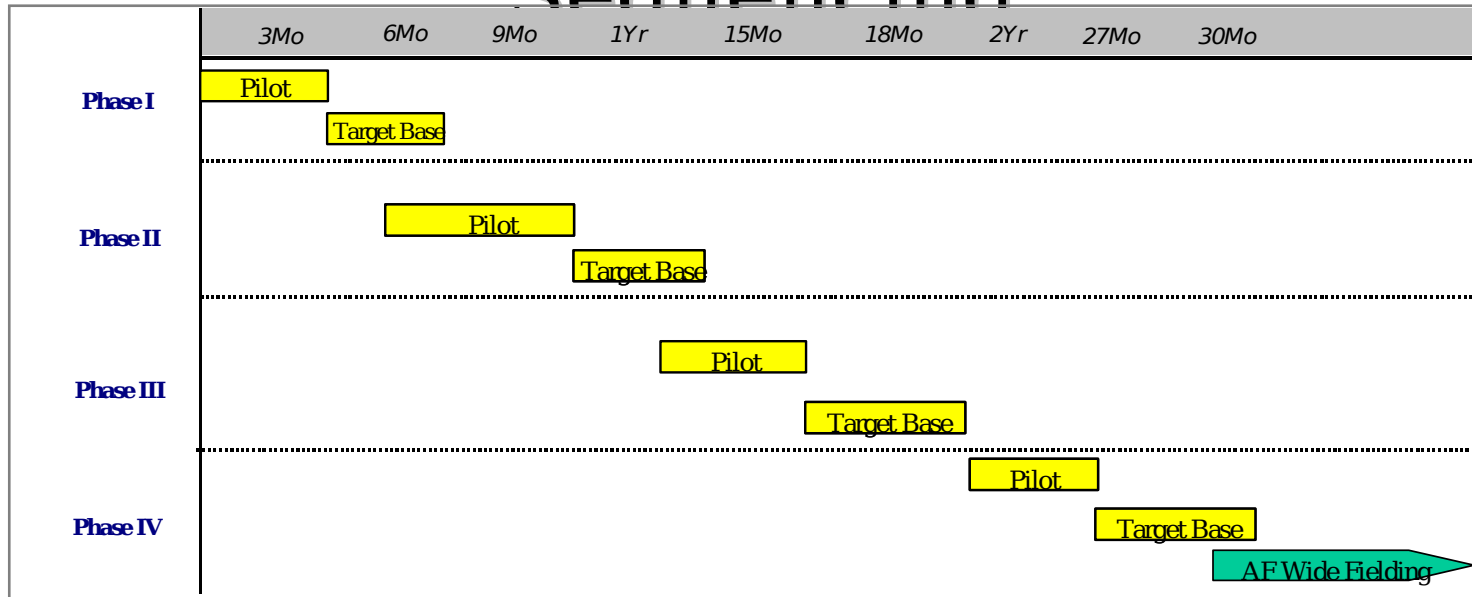
- **Phase I - Target Base-level requirers that currently conduct small purchases from established sources of suppliers**
- **Phase II - Expand the Integrated e-Acquisition System (le-AS) Architecture functionality to all non-organic purchases of goods and services**
- **Phase III - Provide end-to-end procurement process capability for all purchases from non-organic sources**
- **Phase IV - Integrate logistics purchases and provide organic sources of supply into the le-AS Architecture**



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# Migration Strategy (Con't)

## Phase Sequencing



- Sequencing plan based on iterative piloting of each phase
- Fielding of le-AS Architecture is estimated to require 2 to 2.5 years with full fielding, thereafter
- Option to fully field existing architecture at the completion of any phase to provide increased capability to the Acquisition Community





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# ***Migration Strategy (Con't)***

## **Implementation Risks**

<b>Risks Areas</b>	<b>Mitigation Strategy</b>
- Organizational Inflexibility	- Change Management Plan
- Loss of Momentum	- Long Range Business Strategy
- Ambiguous ROI	- Defined Performance Metrics
- Schedule	- Migration Plan
- Large Scale Deployment	- Change Management Plan
- System Dependencies	- Risk Management Plan
- Architecture Components	- Lessons Learned from other DoD/ Commercial Organizations
- Technical Control	- Communication Plan
- Security	- GCSS AF Implementation



- **Phase I Pilots underway**
  - **Capture business rules/processes with selected group of users/vendors**
  - **Integrate existing capabilities to extent possible**
  - **Establish framework to build upon**
  - **Establish performance metrics to capture**
  - **Operate pilot for 2-3 months**



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# ***Next Steps***

- **Assess findings**
  - Practices and utility (likes/dislikes)
  - True ROI
- **Present findings to FRB/Recommendation to SAF/AQC for continuance and expansion Determine Roll-Out Strategy**
  - RFP end technology
- **Migrate existing capability to AF or continue to build before roll-out?**
- **Program Office/management roles**
- **Funding**